

January 21, 1949.

Memorandum to: Mr. Correa ✓
Mr. Jackson

From: Mr. A. W. Dulles

Attached is a copy of a letter from Bob Blum which is self-explanatory.

I have examined a copy of the Eberstadt report on intelligence and do not feel that Hillenkoetter's reference to a divergence of views on administration is well founded. It is true that the chapter on intelligence in Volume II of the Eberstadt report (the chapter prepared largely by John Bross) indicated over-administration and too much administrative interference in certain operational matters. Here we reached approximately the same conclusions.

The Eberstadt report states in Section V(c):

"The present size of the Administrative Division seems excessive, particularly in light of requirements for an administrative staff in each of the offices in some of which security requires a large degree of independence. On the other hand, an organization as large as CIA requires a substantial amount of housekeeping, telephone service, maintenance of personnel records, etc. The problem is complicated by the fact that accommodations to house CIA centrally are not available and could only be constructed at a substantial cost and with considerable publicity. A certain amount of decentralization of CIA may be desirable for security reasons."

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Reduction of the administrative overhead is possible and desirable. There is some evidence of interference by administrative functionaries in matters of primarily operational concern. A certain amount of such interference is inevitable due to the fact that a Director will tend to entrust the enforcement of budgetary controls to his immediate administrative representatives. Too much interference of this sort is undesirable, but this is an administrative problem that must be solved internally."

AWD

19 January 1949

Mr. Allen W. Dulles
Sullivan and Cromwell
48 Wall Street
New York, New York

Dear Allen:

Twenty copies of the report were given to Mr. Souers yesterday, along with the signed letter of transmittal.

As of this morning, it was Souers' intention to send one copy to each Member of the NSC and one copy to Hillenkoetter with a request for his comments. Because of the nature of the report, it is pretty difficult for the NSC to take any simple action on it and the intelligent handling of the report may prove to be rather difficult unless the single question of personalities is faced immediately.

Souers told me yesterday that in his conversations with the President, he (Souers) took the view that nothing should be done to bring about a change of Director until a qualified successor had been found. At a meeting this morning, Hillenkoetter suggested that the Eberstadt Committee material on intelligence should be circulated at the same time as the Survey Group Report. He mentioned in particular that whereas the Eberstadt Committee recommended simplification of administration ~~in~~ in the interest of efficiency, he understood from his conversation with you that the Survey Group would recommend decentralization (Hillenkoetter had not yet seen a copy of the report). However, this suggestion was not accepted by Souers, who said that Hillenkoetter in his comments on the Survey Group Report - the only report officially before the NSC - could, if he wished, refer to the Eberstadt Committee Report.

Forrestal has not yet seen the report, but I hope to have him read it over the weekend.

I will keep you informed of any further developments.

Sincerely yours,

Bob

Bob Blum